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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000481

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SUBJECT: KMT VICE CHAIRMAN CHAN CHUEN-PO ON CHEN-MA
MEETING, GOVERNMENT TRANSITION, AND PARTY REFORM

Classified By: AIT Director Stephen M. Young, Reason 1.4 (b/d)

11. (C) Summary: KMT Vice Chairman Chan Chuen-po told the Deputy Director on April 3 that the meeting between President Chen and President-elect Ma Ying-jeou on April 1 was cordial and upbeat. In addition to debating the "92 consensus," Chen assured Ma his most important task in the next two months is ensuring a smooth transition of power. During their closed door session, the two talked mainly about foreign relations, with Chen urging Ma to continue the various programs and initiatives his administration has with diplomatic partners in Central America and the South Pacific. Chan said preparations for the May 20 presidential inauguration are proceeding smoothly, with approximately 600 foreign VIP guests expected to attend. After the inauguration, the Ma administration will focus on improving the economy to meet the people's high expectations. Vice president Vincent Siew will play a leading role as "overall architect of economic policy," Chan added. End Summary.

Chen-Ma Meeting Upbeat

12. (C) The Deputy Director met with KMT Vice Chairman Chan Chuen-po on April 3 to discuss the recent meeting between President Chen and president-elect Ma Ying-jou, transition and inauguration preparations, and Kuomintang (KMT) party politics. Chan, who headed Ma's campaign and now heads Ma's transition team, said the meeting on April 1 between Ma and Chen at the Taipei Guest House was cordial and upbeat. The initial portion of the meeting, broadcast live, lasted longer than initially planned because Chen, as typical, became carried away as he debated Ma on the merits of the "1992 consensus," which the two had similarly discussed during their last meeting in 2006. Chan, who attended the meeting, said Chen rejected the rationale for the "one China, different interpretations" idea, which aims to provide enough ambiguity to allow each side to resume talks without recognizing but also not denying the other.

13. (C) After the public exchange in front of the cameras, Chen and Ma held a closed-door half-hour meeting to discuss national security, foreign affairs, and other matters relating to the upcoming transition. Chan said the two talked mainly about foreign relations, with Chen detailing

the various programs and initiatives his administration has with diplomatic partners in Central America and the South Pacific. Chen urged Ma to continue his efforts, stressing the challenges Taiwan has faced from Beijing in maintaining relationships. The two also discussed Taiwan's approach toward the upcoming World Health Assembly meeting on May 19, Chan said, adding that "meaningful participation" is more practical than membership or observership, which are currently unattainable. Chan said the meeting between Chen and Ma was "pleasant."

Government Transition

14. (C) Chan said President Chen also assured Ma his most important task in the next two months is ensuring a smooth transition. Chan noted there are no regulations or laws governing a presidential transition, so most of the work will be ad hoc and up to the individuals from both sides to arrange. President Chen has appointed Presidential Office Secretary General Mark Chen (Tang-shan) to head the

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Presidential Office transition team, which will be in close coordination with Chan's team. Chan said he would begin discussing transition arrangements in a meeting later in the afternoon with Mark Chen, whom he described as a "gentleman."

15. (C) Chan said his responsibilities focus on managing the transition in the Presidential Office. Ma will appoint or delegate others to handle the transition at various ministries and lower level agencies. Chan said his priorities are to gain a better understanding of pending programs and issues at the Presidential Office, office budget and operations affairs, staffing and personnel matters,

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official residences for the president and vice president and security arrangements, and inauguration ceremony arrangements.

Inauguration Plans

16. (C) Chan told the Deputy Director that preparations for the May 20 Inauguration are proceeding smoothly. Activities for the approximately 600 foreign VIP guests are intended to showcase Taiwan's development and progress. On May 20, the day will begin early in the morning with a formal swearing-in ceremony at the Presidential Office, with attendance limited to 300 people. Ma will then proceed to the Taipei Arena to deliver his inaugural address at 9:30 a.m. to a crowd of 10,500 guests. He will then accompany the 600 foreign guests on a tour of the Maokong cable car and surrounding mountains around noon.

17. (C) At about 3 p.m. Ma and the guests will then take the High Speed Rail to Kaohsiung to attend the formal state banquet for 1,200 people at the Hanlai Hotel. Foreign guests will also be taken on an evening tour of the Love River, an affirmation of DPP presidential candidate Frank Hsieh's contributions as Kaohsiung mayor, and a morning tour of Kaohsiung harbor the following day before returning to Taipei, where they will be given the option of visiting the Taipei 101 building. Chan added that Ma, who leads a simple lifestyle, will not stay in the hotel's presidential suite so that the other heads of state and guests can be accommodated at the same hotel. Chan added that foreign policy advisor John Feng, who worked on the 2000 inauguration when he was head of the Foreign Ministry Protocol Department, is organizing the KMT's inaugural program for foreign VIPs.

Personnel Appointments, KMT Politics

18. (C) Chan said Ma's administration will from the outset focus on improving the economy, which is the main issue Ma ran on and on which people expect him to deliver. Ma has made clear that Vice President Vincent Siew will play an important role in the administration and is expected to serve as the "chief architect" for economic policy. Siew will not serve concurrently as premier; nevertheless Chan said Siew would have some say in Ma's selection of the next premier, who at a minimum will be someone who has a close working relationship with Siew.

19. (C) Turning to party affairs, Chan said that during the KMT's April 2 Standing Committee meeting Chairman Wu Poh-hsiung emphasized that despite a strong showing in the legislative and presidential elections the party has three main areas for improvement. First, party grassroots organizations need to be strengthened. Second, remaining party assets must be properly sold off to eliminate their "political burden" on the party and to provide funds for pensions for retired and retiring party workers. Remaining funds would be donated to some charities. Third, a younger generation of leaders needs to be cultivated and given positions of responsibility. As the ruling party, the KMT will also need to increase its vigilance against corruption and abuses of power by expanding the membership and powers of its anti-corruption and disciplinary committee.

10. (C) Chan noted that the party is especially concerned about the possibility of actions and statements by individual KMT legislators that harm the overall image and interests of the party. Chan said, for example, legislators can on their own propose "pork barrel" bills to serve their constituencies, opening the party to criticism by the DPP and the media. Legislators, who enjoy immunity, can also make irresponsible or strident statements that reflect poorly on the party. Overall, however, Chan suggested, the new single-member district system introduced in January has made nomination by the party essential for a candidate's reelection prospects and has also led to the election of more "moderate" politicians, a welcome development for Taiwan politics.

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